



**OFFICE OF FINANCIAL MANAGEMENT**

**S T A T E   O F   W A S H I N G T O N**

# **REPORT OF FISCAL YEAR 2005 SAVINGS INCENTIVE ACCOUNT EXPENDITURES**

**RCW 43.79.460**

**BUDGET DIVISION**

**DECEMBER 2005**



## Contents of Report

---

<b><u>Overview</u></b> .....	3
Background	
<u>Expenditures from the Savings Incentive Account in FY 2005:</u>	
<u>End-of-Year Expenditure Patterns</u>	
<b><u>Exhibit 1</u></b> .....	5
<u>General Fund-State Appropriations Compared to Actual Expenditures:</u>	
<u>General Fund-State Reversions by Fiscal Period</u>	
<u>Summary of State Savings Incentive Program Distributions</u>	
<b><u>Exhibit 2</u></b> .....	8
Savings Incentive Account (SIA) Credits and Expenditures by Agency	
<b><u>Exhibit 3</u></b> .....	10
Savings Incentive Account Expenditures in Fiscal Year 2005:	
Summary Report by Agency and Category of Expenditure	
<b><u>Exhibit 4</u></b> .....	11
Savings Incentive Account Expenditures in FY 2005:	
Agency Detail Reports	
<b><u>Exhibit 5</u></b> .....	20
End of Fiscal Period Expenditure Patterns:	
Agency Responses	
<b><u>Exhibit 6</u></b> .....	25
Text of Authorizing Legislation (RCW 43.79.40) and Related Appropriation Bill	
Language	





# Overview: Savings Incentive Program

## Background

---

**T**HE SAVINGS INCENTIVE PROGRAM was created in 1997 by legislative passage of Governor Locke's initiative to promote efficiency in agency spending, and to help support public schools. Through guidelines set out in statute and in appropriations bill language, agencies are credited with one-half of all state General Fund-State (GF-S) savings not related to entitlement or other targeted spending authority. Remaining savings are directed to the Education Savings Account, 10 percent of which is transferred to Higher Education for distinguished professorships, the graduate fellowship trust fund, and the college faculty award trust fund. The balance may be appropriated for common school construction and education technology.

The legislation establishing the Savings Incentive Program requires that the Office of Financial Management (OFM) report each December 1 to the legislative fiscal committees on the implementation of RCW 43.79.460.

## Expenditures from the Savings Incentive Account in Fiscal Year 2005

---

Based on the amount of eligible GF-S reversions (unspent appropriations) in Fiscal Year 1997 through Fiscal Year 2004, agencies have received a total of \$34.4 million in credits in the Savings Incentive Account. An additional \$5.3 million from Fiscal Year 2005 reversions will bring this total to \$39.7 million. The remaining GF-S reversions - \$279.4 million over nine years - were transferred into the Education Savings Account.

Because the Savings Incentive Account is not appropriated, credits remain with the agency until they are spent. As of the end of Fiscal Year 2005, agencies had used \$21.1 million of the \$34.4 million in available funding.

The authorizing legislation limits Savings Incentive Account expenditures to one-time activities that improve the quality, efficiency, and effectiveness of customer services in agencies. Since the amount of this resource is unpredictable, it may not be used to create new or expanded services, or to incur ongoing obligations.

The detailed reports of expenditures for the 29 agencies that spent from the Savings Incentive Account in Fiscal Year 2005 are contained in Exhibit 4. Some examples of expenditures are as follows:

## **Employee Training**

- Department of Health staff attended training targeted at improving customer service, which included understanding agency standards for delivering good customer service and positive customer interaction through effective listening and verbal communications.
- The Department of Ecology hired speakers to provide periodic sustainability-related training and workshops.

## **Technology and Work Process Improvements**

- Various agencies used the account for technology improvements such as hardware and software purchases, and website upgrades. The Department of Revenue consolidated six separate divisions' document management systems into a single enterprise document management system, providing the ability to search records across all six divisions.
- The Joint Legislative Systems Committee used funds to re-install the Legislative Voting Boards and related software after the Legislative Building re-opened, allowing for more accurate and timely capture and dissemination of legislative voting information.
- The Supreme Court was able to upgrade its phone system and provide for a security enhancement.
- The School for the Blind purchased a Braille embosser, which produces Braille educational materials for students.

## **Other**

- The Office of Public Defense created a web-based attorney appointment system.

## **End of Year Expenditure Patterns**

---

Agencies who received General Fund-State (GF-S) appropriations were asked what effect, if any, the potential for receiving Savings Incentive Account credits of unspent Fiscal Year 2005 GF-S appropriations had on end-of-year expenditures.

In their responses in Exhibit 5, most agencies indicated that the existence of the Savings Incentive Program had no direct effect on end-of-fiscal-year spending patterns, although it was recognized as a useful management tool. A few agencies did manage year-end savings with potential SIA credits in mind.

Actual fiscal year GF-S expenditures (by month) for the nine years of the program's existence do not demonstrate any expenditure patterns that can be solely attributed to the Savings Incentive Program.

Exhibit 1

**General Fund State – State Appropriations Compared to Actual Expenditures**

<b>Biennium/Year</b>	<b>GF-S Appropriations</b>	<b>GF-S Actuals</b>	<b>Difference (Reversions)</b>
1989-91	12,877,546,448	12,822,278,134	55,268,313
1991-93	15,276,996,675	15,179,946,506	97,050,169
1993-95	16,419,247,997	16,315,126,491	104,121,506
FY 1996 <sup>1</sup>	8,649,982,538	8,619,568,427	30,414,111
FY 1997	9,112,843,950	9,051,113,910	61,730,040 <sup>2</sup>
FY 1998	9,329,632,470	9,287,455,949	42,176,521 <sup>3</sup>
FY 1999	9,826,031,240	9,770,861,657	55,169,583
FY 2000	10,218,505,894	10,194,205,431	25,343,667 <sup>3</sup>
FY 2001	10,826,200,846	10,803,573,538	23,277,462 <sup>3</sup>
FY 2002	11,219,066,209	11,200,348,474	18,717,735 <sup>4</sup>
FY 2003	11,378,339,339	11,298,184,668	36,230,006 <sup>5</sup>
FY 2004	11,452,126,533	11,433,774,956	18,351,577
FY 2005	12,219,576,317	12,176,760,241	42,816,076

<sup>1</sup> Beginning of fiscal year appropriations for General Fund-State.

<sup>2</sup> Does not reflect debt service, which can legally exceed the appropriation.

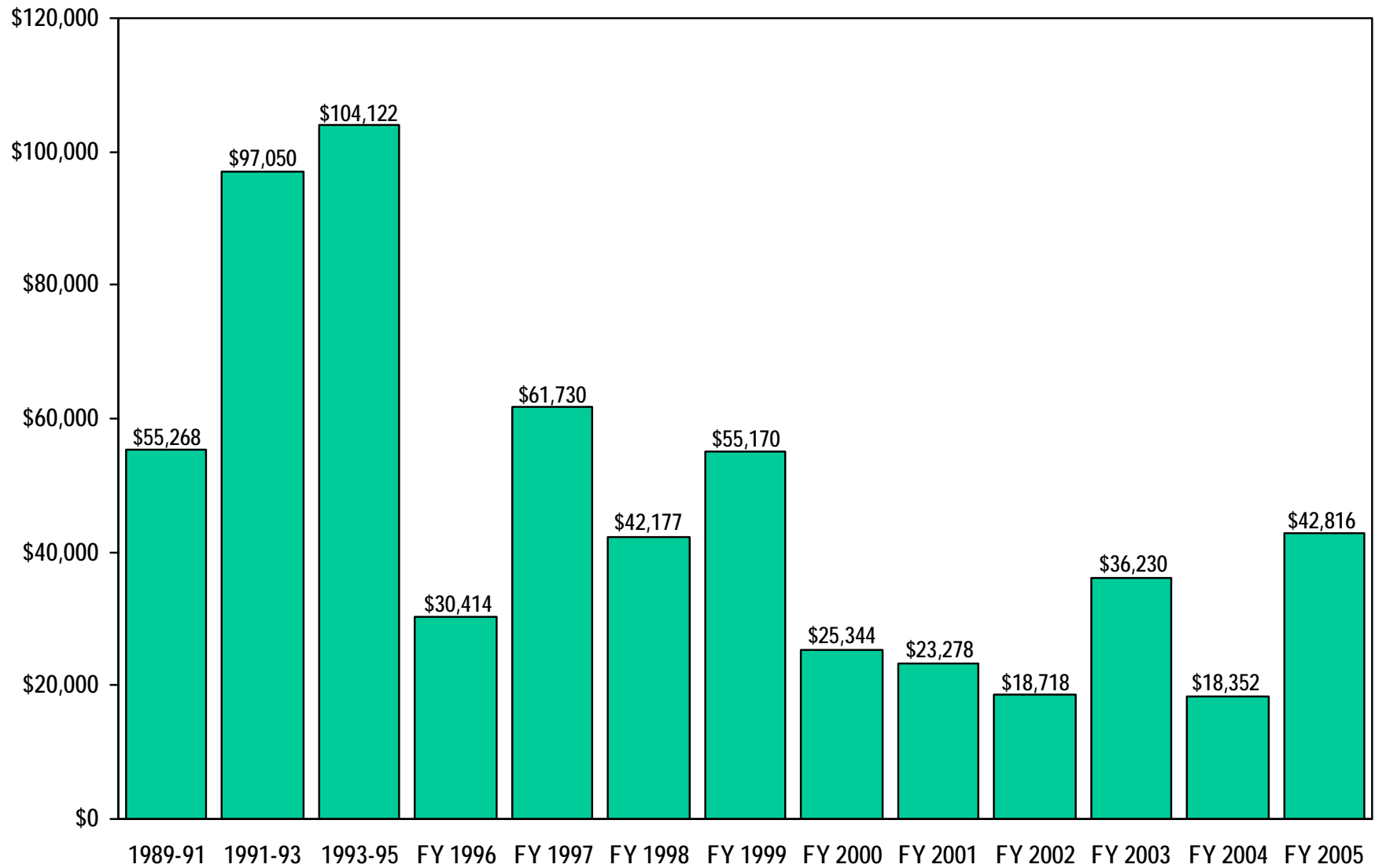
<sup>3</sup> Does not reflect all retirement contributions, which can legally exceed the appropriation.

<sup>4</sup> Includes \$4.7 million in allotment reductions exempted from the Savings Incentive Program by the Legislature in the 2002 Supplemental budget.

<sup>5</sup> Total reversions of \$80.2 million includes \$43.9 million in allotment reductions exempted from the Savings Incentive Program in the 2002 and 2003 Supplemental budgets. \$36.2 million reflects the non-exempted reversions.

## General Fund State Reversions by Fiscal Period

(\$ in thousands)





## Summary of State Savings Incentive Program Distributions

### State Savings Incentive Program - RCW 43.79.460

	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	Totals to Date
<b>Transfers</b>										
<b>Total Savings Incentive Allocations to Agencies</b>	\$7,195,113	\$3,818,384	\$4,855,871	\$2,202,916	\$4,055,657	\$2,501,261	\$6,079,956	\$3,737,324	\$5,298,493	\$39,744,973
Transfers to Education Savings Account for School Technology and Construction	51,737,034	34,522,323	45,282,341	20,826,676	17,299,625	10,366,155	27,135,046	13,152,828	33,765,825	\$254,087,853
Transfers to Higher Education (see detail below)	2,797,893	3,835,814	5,031,371	2,314,075	1,922,181	1,151,795	3,015,005	1,461,425	3,751,758	\$25,281,317
<b>Total Education Savings Account</b>	\$54,534,927	\$38,358,137	\$50,313,712	\$23,140,752	\$19,221,806	\$11,517,950	\$30,150,051	\$14,614,253	\$37,517,584	\$279,369,170
<b>TOTAL REVERSIONS</b>	\$61,730,040	\$42,176,521	\$55,169,583	\$25,343,667	\$23,277,462	\$14,019,211	\$36,230,006	\$18,351,577	\$42,816,076	\$319,114,143
50% to Distinguished Professorships	1,398,947	1,917,907	2,515,686	1,157,038	961,090	575,898	1,507,503	730,713	1,875,879	\$12,640,659
17% to Graduate Fellowships	475,642	652,088	855,333	393,393	326,771	195,805	512,551	248,442	637,799	\$4,297,824
33% to the CTCs for faculty awards	923,305	1,265,819	1,660,352	763,645	634,320	380,092	994,952	482,270	1,238,080	\$8,342,835
	\$2,797,893	\$3,835,814	\$5,031,371	\$2,314,075	\$1,922,181	\$1,151,795	\$3,015,005	\$1,461,425	\$3,751,758	\$25,281,317

Exhibit 2

## Savings Incentive Program-Spending to Date by Agency

Agency	Program Credits to 6/30/2005	Spending from FY 1998 to 06/30/2005	Balance Remaining	Percent Spent
011 House of Representatives	3,675,905	2,399,186	1,276,718	65%
012 Senate	9,031,008	4,956,565	4,074,444	55%
014 Joint Legislative Audit and Review Committee	1,701,404	239,971	1,461,433	14%
020 LEAP Committee	427,564	83,514	344,050	20%
038 Joint Legislative Systems Committee	477,177	167,966	309,211	35%
040 Statute Law Committee	275,891	244,565	31,327	89%
045 Supreme Court	233,916	138,108	95,807	59%
046 State Law Library	3,854	2,844	1,010	74%
048 Court of Appeals	379,930	46,194	333,737	12%
050 Commission On Judicial Conduct	181,118	44,423	136,696	25%
055 Office of the Administrator for the Courts	222,236	0	222,236	0%
056 Office of Public Defense	47,876	19,359	28,518	40%
075 Office of the Governor	362,938	294,064	68,874	81%
080 Office of Lieutenant Governor	50,005	24,017	25,987	48%
082 Public Disclosure Commission	67,943	633	67,310	1%
085 Office of the Secretary of State	1,308,524	1,008,132	300,393	77%
086 Governor's Office of Indian Affairs	12,064	7,919	4,145	66%
087 Commission on Asian-Pacific American Affairs	15,874	7,469	8,405	47%
091 Redistricting Commission	71,843	71,843	0	100%
095 Office of State Auditor	85,496	0	85,496	0%
099 Commission on Salaries Elected Officials	43,075	0	43,075	0%
100 Office of Attorney General	1,045,821	208,537	837,284	20%
101 Caseload Forecast Council	51,492	0	51,492	0%
103 Community, Trade, and Economic Development	1,077,671	254,916	822,755	24%
104 Economic and Revenue Forecast Council	143,389	60,813	82,576	42%
105 Office of Financial Management	888,558	659,660	228,898	74%
118 WA State Commission on Hispanic Affairs	20,215	591	19,624	3%
119 WA State Commission on African-American Affairs	11,409	3,309	8,099	29%
120 Human Rights Commission	79,933	71,827	8,106	90%
126 State Investment Board	2,233	0	2,233	0%
140 Department of Revenue	3,575,209	2,120,114	1,455,095	59%
142 Board of Tax Appeals	61,010	24,954	36,056	41%
150 Department of General Administration	107,556	103,672	3,884	96%
195 Liquor Control Board	90,305	89,572	733	99%
225 Washington State Patrol	1,657,543	0	1,657,543	0%
235 Department of Labor and Industries	122,266	28,601	93,666	23%
240 Department of Licensing	370,132	219,482	150,650	59%
245 Military Department	146,034	24,122	121,911	17%
250 Indeterminate Sentence Review Board	265,940	68,803	197,137	26%
275 Public Employment Relations Commission	253,965	65,961	188,003	26%
300 Department of Social and Health Services	2,487,656	2,012,550	475,106	81%
302 Home Care Quality Authority	31,446	0	31,446	0%
303 Department of Health	714,809	410,567	304,241	57%

Agency	Program Credits to 6/30/2005	Spending from FY 1998 to 06/30/2005	Balance Remaining	Percent Spent
305 Department of Veterans' Affairs	26,121	9,597	16,524	37%
310 Department of Corrections	1,837,529	1,590,797	246,731	87%
315 Department of Services for the Blind	215,908	0	215,908	0%
325 Sentencing Guidelines Commission	112,712	41,519	71,193	37%
343 Higher Education Coordinating Board	477,687	318,883	158,804	67%
350 Office of the Superintendent of Public Instruction	1,708,781	1,301,450	407,331	76%
351 State School for the Blind	75,196	20,467	54,729	27%
353 State School for the Deaf	93,535	46,000	47,535	49%
354 Work Force Training and Education Coordinating Board	115,970	33,987	81,983	29%
360 University of Washington	77,738	0	77,738	0%
365 Washington State University	3,118	2,627	491	84%
375 Central Washington University	91,219	72,891	18,328	80%
377 Spokane Intercollegiate Research and Technical Institute	25,663	0	25,663	0%
380 Western Washington University	140,941	100,160	40,782	71%
387 WA State Arts Commission	21,679	2,448	19,231	11%
390 Washington State Historical Society	4,776	1,226	3,550	26%
395 Eastern Washington Historical Society	2,872	760	2,112	26%
460 Columbia River Gorge Commission	99,917	11,748	88,168	12%
461 Department of Ecology	1,017,155	564,635	452,520	56%
465 State Parks and Recreation Commission	27,459	27,459	0	100%
467 Interagency Committee for Outdoor Recreation	38,143	0	38,143	0%
468 Environmental Hearings Office	104,483	8,168	96,315	8%
471 State Conservation Commission	179,014	6,471	172,543	4%
476 Growth Management Hearings Board	176,944	35,689	141,256	20%
477 Department of Fish and Wildlife	131,550	100,000	31,550	76%
490 Department of Natural Resources	87,319	0	87,319	0%
495 Department of Agriculture	367,473	184,629	182,844	50%
540 Employment Security Department	73,770	73,770	0	100%
699 Community and Technical College System	530,067	338,312	191,756	64%
<b>Total</b>	<b>\$39,744,970</b>	<b>\$21,078,510</b>	<b>\$18,666,459</b>	

## Exhibit 3

**Savings Incentive Account Expenditures in Fiscal Year 2005**  
**By Agency and Category of Expenditure**

Agency	Total	Employee Training	Employee Incentives	Technology Improvements	Improved Work Processes	Performance Measurements	Other
House of Representatives	\$592,779	\$56,687		\$108,617	\$427,475		
Senate	1,059,449						1,059,449
Joint Legislative Audit and Review Committee	39,772	23,230		16,461	81		
Joint Legislative Systems Committee	155,524			116,301	39,223		
Statute Law Committee	127,869						127,869
Supreme Court	31,540			31,540			
Court of Appeals	5,873	550		5,323			
Office of Public Defense	19,359						19,359
Office of the Governor	53,490			53,490			
Office of the Secretary of State	395,372				395,372		
Office of Financial Management	293,792			293,792			
Human Rights Commission	20,346	850		16,111	3,264		121
Department of Revenue	788,267			788,267			
Board of Tax Appeals	4,879	4,524	355				
Department of General Administration	87,722			87,722			
Liquor Control Board	2,759	2,759					
Military Department	5,608			883			4,725
Indeterminate Sentence Review Board	2,420			2,420			
Department of Health	175,329	42,926		132,403			
Department of Corrections	1,590,797			1,590,797			
Sentencing Guidelines Commission	30,000						30,000
Office of the Superintendent of Public Instruction	647,659	55,534		385,495			206,630
School for the Blind	7,832			7,832			
Central Washington University	72,891			72,891			
Western Washington University	67,827	4,523	63,304				
Eastern Washington State Historical Society	760			760			
Department of Ecology	89,794	8,031	2,409	112	10,378	15,000	53,864
Department of Agriculture	20,614	5,888		14,726			
State Board for Community and Technical Colleges	92,756	6,100		30,973	19,911		35,772
<b>Totals by Category</b>	<b>\$6,483,079</b> 100%	<b>\$211,602</b> 3.3%	<b>\$66,068</b> 1.0%	<b>\$3,756,916</b> 58.0%	<b>\$895,704</b> 13.8%	<b>\$15,000</b> .2%	<b>\$1,537,789</b> 23.7%

## Exhibit 4

### Savings Incentive Account Expenditures in Fiscal Year 2005 Agency Detail Reports

## House of Representatives

Type of Expenditure	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Employee Training	\$56,687	Provide legal education and professional development training.
Technology Improvements	\$108,617	Technology improvements in rostrum equipment, video services, security equipment, chamber lighting, and presentation tools.
Improved Work Processes	\$427,475	Improve use of space and work processes to improve communication and allow faster workflow related to bill process.
<b>Total FY 05 Expenditures</b>	<b>\$592,779</b>	

## Senate

Type of Expenditure	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Other	\$1,059,449	Legislative, Cherberg, Newhouse, and Insurance buildings renovation projects. These changes provide for improved working conditions, additional space, security, and productivity in Senate offices.
<b>Total FY 05 Expenditures</b>	<b>\$1,059,449</b>	

## Joint Legislative Audit and Review Committee

Type of Expenditure	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Employee Training	\$23,230	Computer software training (such as Excel, Access, SPSS) and other professional development training and conferences, which increased staff's proficiency.
Technology Improvements	\$16,461	Funds were used for various office and/or workspace enhancements and for needed upgrades to computer hardware and software programs. These upgrades and enhancements have resulted in increased efficiency of office systems contributing to increased productivity.
Improved Work Processes	\$81	Funds were used for audit project management publications, which aided the agency in refining and improving its auditing and work processes.
<b>Total FY 05 Expenditures</b>	<b>\$39,772</b>	

## Joint Legislative Systems Committee

Type of Expenditure	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Technology Improvements	\$116,301	Purchase and installation of new HVAC and UPS systems. Improved capabilities of main computer room to continue operations during power interruptions. Wiring to create workspaces for session interns.
Improved Work Processes	\$39,223	Re-installation of the Legislative Voting Boards and related software after the Legislative building re-opened. This allows for more accurate and timely capture and disseminations of Legislative Voting Information.
<b>Total FY 05 Expenditures</b>	<b>\$155,524</b>	

#### Statute Law Committee

Type of Expenditure	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Other	\$127,869	The Statute Law Committee's savings incentive fund expenditures were used primarily to design and create efficient office set up in the Legislative Building. The planning and creation of the offices allowed staff to work more efficiently.
<b>Total FY 05 Expenditures</b>	<b>\$127,869</b>	

#### Supreme Court

Type of Expenditure	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Technology Improvements	\$31,540	Savings incentive account funding provided the means to upgrade the Court's phone system and provide for a small security enhancement.
<b>Total FY 05 Expenditures</b>	<b>\$31,540</b>	

#### Court of Appeals

Type of Expenditure	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Employee Training	\$550	Provided judicial training for law clerks.
Technology Improvements	\$5,323	Savings incentive account funding provided the means to upgrade computer hardware and software technology. The enhancements have improved efficiency and effectiveness.
<b>Total FY 05 Expenditures</b>	<b>\$5,873</b>	

#### Office of Public Defense

Type of Expenditure	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Other	\$19,359	The agency used Savings Incentive Account money to create a web-based attorney appointment system.
<b>Total FY 05 Expenditures</b>	<b>\$19,359</b>	

#### Office of the Governor

Type of Expenditure	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Technology Improvements	\$53,490	Computer purchases to improve staff efficiency and effectiveness.
<b>Total FY 05 Expenditures</b>	<b>\$53,490</b>	

#### Office of the Secretary of State

Type of Expenditure	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Improved Work Processes	\$395,372	Funds were used to cover additional costs for the Secretary of State's office in the remodel of the Legislative Building and consolidation of remaining Election Division staff into one facility. This provided greater operational efficiency and improved customer access and service.
<b>Total FY 05 Expenditures</b>	<b>\$395,372</b>	

Office of Financial Management

Type of Expenditure	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Technology Improvements	\$293,792	Computer and office equipment upgrades to improve staff efficiency and effectiveness.
Total FY 05 Expenditures	\$293,792	

Human Rights Commission

Type of Expenditure	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Employee Training	\$850	Staff training is important to increase the ability to perform job duties. Individual training also improves customer service by helping staff to understand their roles, continue to increase their knowledge, and perform good customer service.
Technology Improvements	\$16,111	The technology improvements were specifically focused at replacing aging and failing hardware. Existing hardware was limiting staff's ability to assist customers due to frequent crashes and failures. Replacing the hardware not only eliminated this problem, but also increased staff's ability to assist clients.
Improved Work Processes	\$3,264	Agreement Dynamics was hired through a personal services contract to facilitate services between the director, board, and employees. This has helped managers and staff to learn how to communicate with each other and customers. It has also improved production in the agency.
Other	\$121	This amount was used for per diem for a speaker at a public forum presented by the agency. Forums are conducted quarterly and are planned by the Commissioners. The forums are scheduled in different parts of the state to give the agency the ability to educate the public and communities on their rights against discrimination.
Total FY 05 Expenditures	\$20,346	

Department of Revenue

Type of Expenditure	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Technology Improvements	<p>\$410,452</p> <p>\$303,361</p> <p>\$74,454</p>	<p>Expenditures in Fiscal Year 2005 were made in support of:</p> <p><b>Data Warehouse</b> - Added the ability to bring detailed payment data into the warehouse, which enhanced audit selection and taxpayer account review.</p> <p><b>Imaging Document System (IDocs)</b> - Consolidated six separate division document management systems into a single enterprise document management system, which provides unified logon and the ability to search records across all six divisions.</p> <p><b>Geographic Information Service (GIS)</b> - Improved quality of address and geographic data, and a Web system redesign that incorporates three disparate GIS applications into a common look and feel.</p>
Total FY 05 Expenditures	<b>\$788,267</b>	

Board of Tax Appeals

Type of Expenditure	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Employee Training	\$4,524	Sent a Board Member to the National Judicial College. The weeklong, intensive course designed for judges serving in an administrative capacity offers excellent training for our employees.
Employee Incentives	\$355	To provide "black-out" shades for the office windows of an employee who is light sensitive. The shades increased her productivity and reduced the occurrence of migraines.
Total FY 05 Expenditures	<b>\$4,879</b>	

Department of General Administration

Type of Expenditure	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Technology Improvements	\$87,722	The expenditures were used to help us provide better services to the public that visits the Capitol Campus. Equipment was purchased for use in the Legislative Building and visitor service center, as well as, maintaining the campus grounds. Purchases included a public address system for the Legislative Building rotunda, digital telephone system, new PCs, and printers.
Total FY 05 Expenditures	<b>\$87,722</b>	

Liquor Control Board

Type of Expenditure	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Employee Training	\$2,759	Staff attended a follow-up team building class with motivational speaker Eric Allenbaugh. This money was included in the final payment of the contract. Included in this training was unity within the agency.
Total FY 05 Expenditures	<b>\$2,759</b>	



#### Military Department

Type of Expenditure	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Technology Improvements	\$883	Purchased a piece of software needed to run new electronic grant management system. This system, when fully implemented, will make processes more efficient.
Other	\$4,725	A contractor was hired to assist in the management of the priorities of government process and the preparation of the agency strategic plan.
<b>Total FY 05 Expenditures</b>	<b>\$5,608</b>	

#### Indeterminate Sentence Review Board

Type of Expenditure	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Technology Improvements	\$2,420	Purchase of computer and printer for new Office Assistant 2 position.
<b>Total FY 05 Expenditures</b>	<b>\$2,420</b>	

#### Department of Health

Type of Expenditure	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Employee Training	\$42,926	Training program targeted at improving customer service, identifying gaps in performance and customer service with a focused discussion of strategies to close the gaps. This training included an agency overview, and specific seminars directed at learning and understanding agency standards for customer service delivery. The training successfully increased understanding of the characteristics and importance of delivering good customer service and achieving positive customer interactions through effective listening and verbal communication with customers.
Technology Improvements	\$132,403	Planning software was purchased and installed to ensure that the Disaster Recovery/Business Continuity program provides comprehensive recovery plans, standardized checklists, and a centrally managed development process. The software supports the identification and documentation of our organization's relationships, provides the ability to quickly perform impact studies, generates action steps for possible interruptions, and allows DOH to record the critical staff and hardware resources involved in a test exercise while measuring actual performance against established goals. Using this software, DOH has the capability to resume business functions and employee activities quickly and cost-effectively following a disaster or other unplanned interruption.
<b>Total FY 05 Expenditures</b>	<b>\$175,329</b>	

Department of Corrections

Type of Expenditure	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Technology Improvements	\$1,590,797	The purpose of the expenditure was to pay for contracted services for the Departments replacement of the Offender Based Tracking System. The contractor is developing a new computer-based system to track offender data. The current system restricts improvements to business practices and utilizes cumbersome data collection and statistical reporting systems, which limit ability to maintain reliable data, which is accessed by many criminal justice stakeholders. Upon the completion of the new system, the Department will have a system that allows for the management of offenders and provide reliable timely data to stakeholders.
<b>Total FY 05 Expenditures</b>	<b>\$1,590,797</b>	

Sentencing Guidelines Commission

Type of Expenditure	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Other	\$30,000	Furniture, equipment, and tenant improvements due to agency relocation. The agency relocated to decrease the rental, utilities, and IT support, etc. costs. This is being accomplished by sharing space with another state agency. This reduction allows the agency to utilize the savings realized in other areas that will improve the efficiency of the agency and enhance the services to the citizens.
<b>Total FY 05 Expenditures</b>	<b>\$30,000</b>	

Office of the Superintendent of Public Instruction

Type of Expenditure	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Employee Training	\$55,534	Staff at OSPI received training they requested, which is critical to the success of an agency.
Technology Improvements	\$385,495	Funds were used to purchase needed computer equipment. In addition, there were projects that were partially funded with SIA that benefited teachers.
Other	\$206,630	A portion was used to relocate staff to the annex. This allowed staff more space and improved working conditions. A portion was used for awards to schools that had improved their test scores. A portion was used to assist with expenses for a Tribal Education Summit. A legislative intern was hired to assist during the legislative session. The computer license to Arizona State University was extended for LINKS. This benefits students and schools. A portion was spent by the boards and commissions. Money was used to contract for services to meet requirements for English as a second language. OSPI also participated in a consortium with Council of Chief State School Officers to review No Child Left Behind requirements.
<b>Total FY 05 Expenditures</b>	<b>\$647,659</b>	

School for the Blind

Type of Expenditure	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Technology Improvements	\$7,832	Funds were used to purchase a Braille embosser, which is essential in producing Brailled educational materials for students.
Total FY 05 Expenditures	\$7,832	

Central Washington University

Type of Expenditure	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Technology Improvements	\$72,891	Funds were used to upgrade older Macintosh desktop computers to systems that were capable of running OS-10. This was needed to 1) eliminate a non-supported operating system from use, 2) improve overall network performance by removing AppleTalk and IPX from our network protocols, and 3) provide numerous faculty and student labs with computers capable of running the latest applications relevant to their curriculum.
Total FY 05 Expenditures	\$72,891	

Western Washington University

Type of Expenditure	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Employee Training	\$4,523	NSIS Higher Education Consortium: To provide employees the opportunity to strengthen technical skills and further professional development. Using the acquired skills will allow staff to enhance services to NSIS consumers.
Employee Incentives	\$63,304	To upgrade and maintain technology and facilities in the University Center at Everett Station. Upgrades will enable students, faculty, and staff to keep current with educational systems.
Total FY 05 Expenditures	\$67,827	

Eastern Washington State Historical Society

Type of Expenditure	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Technology Improvements	\$760	Hired a Technology consultant to audit our systems in conjunction with the Small Agency Technology Grant.
Total FY 05 Expenditures	\$760	

Department of Ecology

Type of Expenditure	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Employee Training	\$6,145	<b>Earth Day Conference.</b> Speaker expenses and related costs for Earth Day training and activities.
	\$1,150	<b>Sustainability Training &amp; Workshops.</b> Hire speakers to provide periodic sustainability-related training/workshops.
	\$753	<b>Wellness/Healthy Worksite Summit.</b> Pay for two staff people to attend this workshop and bring back tools, fresh ideas, and resources to Ecology's wellness program and provide incentives to employees to attend local health fair in Spokane.
	(\$17)	<b>Diversity.</b> Erroneously charged to this project.
Employee Incentives	\$1,909	<b>ERO CTR Incentives.</b> Provide financial incentives to Spokane office employees who use a commute alternative.
	\$500	<b>Wheel Options – Yakima.</b> Encourage employees in Ecology's Yakima office to participate in the annual Wheel Options program to support commute trip reduction goals.
Technology Improvements	\$112	<b>Language Locator.</b> A Web site was developed that contains census-based information on where non-English-speaking residents live in Washington. This information allows Ecology to provide face-to-face, neighborhood-based communication to these individuals.
Improved Work Processes	\$378	<b>Plain Talk Executive Order Implementation.</b> Establish a list of Plain Talk revisions, provide a 'train the trainer' course to Ecology employees, and cover start-up costs to implement Ecology's Plain Talk training program.
	\$10,000	<b>Employee Recognition.</b> Support and recognize employee initiated quality improvement projects.
Performance Measurement	\$15,000	<b>Quality Initiative.</b> Conduct permit applicant customer survey.
Other	\$25,435	<b>Oral History Project.</b> Historical documentation of Ecology that will provide readers with an understanding of past issues and the context in which they were addressed. Period of time to be covered is from 1970 (creation of Ecology) through the beginning of Governor Locke's administration.
	\$605	<b>Energy Reduction and Green Purchasing at Northwest Regional Office (Bellevue).</b> Material will be provided to northwest regional office employees to promote energy conservation within the Bellevue office.
	\$19,824	<b>HQ Lobby.</b> Reproduce photographs, purchase display cases, and create a timeline to reflect Ecology's business of environmental protection in support of the 35-year celebration in 2005.
	\$8,000	<b>Composting Feasibility Study.</b> Conduct a feasibility study of composting at Ecology as a sustainable activity.
<b>Total FY 05 Expenditures</b>	<b>\$89,794</b>	

Department of Agriculture

Type of Expenditure	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Employee Training	\$5,888	These expenditures provided training for all levels of agency personnel, as necessary for current job performance. The expenditures also include supplies and travel expenditures in support of the training.
Technology Improvements	\$14,726	The agency purchased document-imaging equipment to be primarily used to expedite public disclosure requests.
<b>Total FY 05 Expenditures</b>	<b>\$20,614</b>	

State Board for Community and Technical Colleges

Type of Expenditure	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Employee Training	\$6,100	Staff training through the Center for Learning Connection. The Center assists State Board and college employees to better administer the mission and values of two-year colleges. The Center fosters the value of higher education by equipping employees with the skills to be future leaders. Employees who receive the training are educated in many facets of the two-year college system, including budget development, legislative relations, and communications. In turn, the quality of the two-year college system is improved by growing its own leaders.
Technology Improvements	\$30,973	<b>On-line Grants/Allocation Project</b> – Phase 1 of this project produced a web-based, online grant application process for submitting proposals to SBCTC. Phase 2 is now underway to develop a process to distribute allocations/appropriations to colleges through a web allocation process.
Improved Work Processes	\$19,911	Enrollment studies research project reviewed tuition waiver policies, which resulted in implementation of a basic skills tuition policy change and revision of the apprenticeship waiver program.
Other	\$35,772	<b>Outreach to business community.</b> Partnered with Washington CEO magazine to produce a special section highlighting two-year colleges' role and capacity to help develop the state's economy by producing well-trained employees for businesses.  <b>Strategic planning.</b> Developed a publication that assesses the magnitude of demand for higher education, the costs to the state and students to meet that demand, and the two-year college role in meeting the demand. The publication informed the development of the 2005-07 legislative budget request, and continues to inform planning for the future of the two-year college system.
<b>Total FY 05 Expenditures</b>	<b>\$92,756</b>	

## **End-of-Fiscal Period Expenditure Patterns**

---

**A**GENCIES WITH STATE GENERAL FUND appropriations were asked to respond to the question of whether the existence of the Savings Incentive Program affected their end-of-fiscal year expenditure patterns. Responses are reported below.

### **Administrative Office of the Courts**

“AOC’s spending patterns were not altered as a result of the potential for Savings Incentive Accounts appropriations in future biennia.”

### **Board of Tax Appeals**

“Funds from prior years’ Savings Incentive “rebates” made the expenditures possible. The agency did not anticipate unspent FY 2005 unspent appropriations.”

### **Caseload Forecast Council**

“As a small agency with predominantly fixed costs, the potential for “rebates” had little effect on our end-of-fiscal year expenditures.”

### **Central Washington University**

“Central Washington University routinely spends 100 percent of our state general fund allocation. This rebate is the result of a timing error on expenditures.”

### **Columbia River Gorge Commission**

“Throughout the year, we have managed our spending with the savings incentive fund in mind. We have slowly built a “bank” of savings that we intend to use for training, technology improvements, and work process improvements that have not been funded in our agency budget. The bank is a result of the ongoing efforts of staff to implement cost-saving measures. The existence of such a bank has also shaped the amount and type of decision package requests submitted as part of the agency budget request; the decision package requests are truly reflective of agency needs that cannot be met through other means.”

### **Commission on African-American Affairs**

“None. Our policy for spending has always been to do so in a conservative and prudent manner.”

### **Commission on Asian Pacific American Affairs**

“None. Our policy for spending has always been to do so in a conservative and prudent manner.”

### **Commission on Hispanic Affairs**

“None. Our policy for spending has always been to do so in a conservative and prudent manner.”

### **Commission on Judicial Conduct**

“No unusual effect on end-of-fiscal year expenditures.”

### **Commission on Salaries for Elected Officials**

“None.”

### **Department of Agriculture**

“No effect.”

**Department of Corrections**

“The Department did not assume the potential Savings Incentive Account “rebate” in the end-of-fiscal year expenditures.”

**Department of Ecology**

“Our focus was on carrying out the purpose and objectives of the funded programs, rather than on saving money. But as the end of the biennium was nearing, we had the ability in some activities to spend federal funds, dedicated funds, or GFS. Although the potential for rebates did not cause a reduction in activity, nor did it cause a net savings, it did give us an incentive in some cases to spend federal or dedicated funds instead of GFS.”

**Department of Fish and Wildlife**

“Due to potential Savings Incentive Account rebates, WDFW has always saved money at fiscal-year end in order to fund technology improvement projects that the agency would not have been able to do otherwise.”

**Department of General Administration**

“Potential for savings “rebates” did not effect expenditure decisions at the end of Fiscal Year 2005. However, it was good to know that if we did not need to spend all the appropriation, we would get some of it back.”

**Department of Health**

“The Department of Health continues to manage all funding sources judiciously throughout the course of the biennium. The Savings Incentive Account rebates had no effect on the end-of-fiscal year spending because the agency needed to use nearly all of the appropriation to fund current operations.”

**Department of Information Services**

“The Savings Incentive Account “rebates” did not have an impact on end-of-fiscal year expenditures of GF-S because all of these funds were pass through per budget proviso.”

**Department Of Labor and Industries**

“No effect.”

**Department of Licensing**

“DOL did not vary its spending plan based on potential rebates for unspent Fiscal Year 2005 GF-S appropriations.”

**Department of Natural Resources**

“None.”

**Department of Personnel**

“None.”

**Department of Revenue**

“The Department of Revenue continually takes great care in monitoring expenditures to ensure appropriations are not overspent. The availability of a saving incentive “rebate” is a good financial management tool that rewards managers for saving dollars by making funds available for new technology, equipment to achieve a higher level of efficiency, and unanticipated, but necessary, activities and equipment.”

**Department of Veterans Affairs**

“For the 2005 fiscal year the potential of a savings incentive account rebate had no effect on DVA end-of-fiscal year expenditures.”

**Eastern Washington State Historical Society**

“No effect.”

**Eastern Washington University**

“None.”

**Economic and Revenue Forecast Council**

“None.”

**Environmental Hearings Office**

“None. Our policy for spending has always been to do so in a conservative and prudent manner. In Fiscal Year 2005, our total appropriation was almost completely exhausted by normal operating expenditures.”

**Higher Education Coordinating Board**

“There was no impact.”

**Home Care Quality Authority**

“None. Our policy for spending has always been to do so in a conservative and prudent manner.”

**House of Representatives**

“None.”

**Human Rights Commission**

“None, since our budget has been reduced so much we didn’t have any unspent state general fund for Fiscal Year 2005.”

**Indeterminate Sentence Review Board**

“None.”

**Interagency Committee for Outdoor Recreations**

“None.”

**Joint Legislative Audit and Review Committee**

“None.”

**Joint Legislative Systems Committee**

“None.”

**Law Library**

“None.”

**Legislative Evaluation and Accountability Program**

“No effect.”



### **Liquor Control Board**

“Potential rebates are an incentive to budget management, but the agency did not have any unspent GF-S appropriations at the end of Fiscal Year 2005.”

### **Military Department**

“We strongly support the Saving Incentive Program. The ability to make one-time quality improvements and/or provide incentives to staff with GF-S savings is very beneficial to a small agency like the Military Department. The opportunity to carry the unspent savings account forward for multiple years gives us a chance to have sufficient dollars to take on a significant one-time expense that promotes a key part of our strategic plan. The Military Department has several projects planned in Fiscal Year 2006 using the Savings Incentive Account balance.”

### **Office of Financial Management**

“The Savings Incentive Account removes the end of the fiscal year “deadline” and allows us to focus on the needed improvements.”

### **Office of the Attorney General**

“The Office of the Attorney General has been developing plans for unspent Savings Incentive Account balances and anticipates spending in the 2005-07 Biennium. The potential of additional rebates was not a major consideration in the end-of-biennium expenditures.”

### **Office of the Governor**

“The Savings Incentive Account removes the end-of-fiscal year “deadline” and allows us to focus on needed improvements.”

### **Office of the State Auditor**

“The potential for a savings incentive had no affect on our end-of year expenditures.”

### **Office of Lieutenant Governor**

“Savings Incentive had no effect on agency expenditures.”

### **Office of Public Defense**

“All general fund expenses were from contracted services. The potential of accumulating Savings Incentive “rebates” had no bearing on the Office of Public Defense’s end-of-year expenditures.”

### **Office of the Secretary of State**

“The rebates did not affect our end-of-fiscal year expenditures; however the agency plans to continue utilizing any potential savings incentive funds to provide staff with tools to give the public quality customer service.”

### **Office of the Superintendent of Public Instruction**

“OSPI carefully evaluates the unspent GF-S appropriations at the end of the year. When appropriate, we believe we are fiscally prudent by allowing unspent balances to revert so half the money can be used in the next year for one-time unanticipated costs.”

### **Public Disclosure Commission**

“For small agencies with very limited fiscal flexibility, Savings Incentive Account rebates are critical to the agency’s ability to manage unanticipated expenses. Having a Savings Incentive Account means the PDC has the wherewithal to fund prudent technology improvements, replace failed equipment, and pay for performance-related employee training beyond the modest amount allotted in the operating budget.

PDC's core business functions depend heavily on a user-friendly, reliable, and up-to-date Web site. The agency's Web site is in need of re-design before the 2006 campaign season is in full swing. PDC staff intentionally left nearly \$40,000 unspent in Fiscal Year 2005 in order that the rebate would be available for additional technology services in Fiscal Year 2006, if necessary."

#### **School for the Blind**

"No effect on our end-of-year expenditures."

#### **School for the Deaf**

"The potential for rebates had no effect on our end-of-fiscal year expenditures."

#### **Senate**

"None."

#### **Sentencing Guidelines Commission**

"This potential allowed the agency to search for a less-expensive office location. The agency was able to continue with normal day-to-day operations and still have the resources to pay for one-time expenses associated in relocation. Although the agency has always utilized funds in a conservative and prudent manner, in the absence of the savings incentive, those funds would not of been sufficient to cover significant costs associated with the move."

#### **Services for the Blind**

"N/A."

#### **State Board for Community and Technical Colleges**

"None."

#### **State Conservation Commission**

"The availability of the Savings Incentive Account allowed us the opportunity to improve processes and update equipment early in the biennium that we would have otherwise not been able to do. The Savings Incentive Account really allows the agency to evaluate possible improvements that can be achieved and implement those efforts."

#### **Statute Law Committee**

"The Savings Incentive Account is an occasional and useful resource for one-time improvements that cannot be accomplished before the close of the fiscal year or with the general fund budget. The effect on spending patterns is minimal."

#### **Washington State Arts Commission**

"As a small agency, the Savings Incentive Account allows us to build up funds to purchase either equipment or agency training that could not be purchased at our maintenance level budget."

#### **Washington State Historical Society**

"None."

#### **Washington State Patrol**

"The Washington State Patrol did not consider the potential for Savings Incentive Account rebates as it approached the end of Fiscal Year 2005. As part of the agency's commitment to good financial management, careful savings targets are established for all agency funds to ensure the agency appropriations are not overspent."

**Washington State University**

“The potential for Savings Incentive Account rebates had no effect on our end-of-fiscal year expenditures.”

**Western Washington University**

“The requested “rebates” will allow North Snohomish, Island, and Skagit (NSIS) counties personnel to offer increased services to the faculty, students, and participating institutions that are the constituents of the NSIS Higher Education Consortium.”

**Workforce Training and Education Coordinating Board**

“Savings Incentive ”rebates” had no effect on Fiscal Year 2005 end-of-year expenditures.”

**TEXT OF LAWS OF 1997, CHAPTER 261 (RCW 43.79.460)  
AS AMENDED IN THE 1998 LEGISLATIVE SESSION:**

**AN ACT Relating to the efficient use of general fund moneys; adding new sections to chapter 43.79 RCW; and declaring an emergency.**

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

**Section 1.** A new section is added to chapter 43.79 RCW to read as follows:

(1) The savings incentive account is created in the custody of the state treasurer. The account shall consist of all moneys appropriated to the account by the legislature. The account is subject to the allotment procedures under chapter 43.88 RCW, but no appropriation is required for expenditures from the account.

(2) Within the savings incentive account, the state treasurer may create subaccounts to be credited with incentive savings attributable to individual state agencies, as determined by the office of financial management in consultation with the legislative fiscal committees. Moneys deposited in the subaccounts may be expended only on the authorization of the agency's executive head or designee and only for the purpose of one-time expenditures to improve the quality, efficiency, and effectiveness of services to customers of the state, such as one-time expenditures for employee training, employee incentives, technology improvements, new work processes, or performance measurement. Funds may not be expended from the account to establish new programs or services, expand existing programs or services, or incur ongoing costs that would require future expenditures.

(3) For purposes of this section, "incentive savings" means state general fund appropriations that are unspent as of June 30th of a fiscal year, excluding any amounts included in across-the-board reductions under RCW 43.88.110 and excluding unspent appropriations for:

- (a) Caseload and enrollment in entitlement programs, except to the extent that an agency has clearly demonstrated that efficiencies have been achieved in the administration of the entitlement program. "Entitlement program," as used in this section, includes programs for which specific sums of money are appropriated for pass-through to third parties or other entities;
- (b) Enrollments in state institutions of higher education;
- (c) A specific amount contained in a condition or limitation to an appropriation in the biennial appropriations act, if the agency did not achieve the specific purpose or objective of the condition or limitation;
- (d) Debt service on state obligations; and
- (e) State retirement system obligations.

(4) The office of fiscal management, after consulting with the legislative fiscal committees, shall report to the treasurer the amount of savings incentives achieved. By December 1, 1998, and each December 1st thereafter, the office of financial management shall submit a report to the fiscal committees of the legislature on the implementation of this section. The report shall (a) evaluate the impact of this section on agency reversions and end-of-biennium expenditure patterns, and (b) itemize agency expenditures from the savings recovery account.

**Section 2.** A new section is added to chapter 43.79 RCW to read as follows:

The education savings account is created in the state treasury. The account shall consist of all moneys appropriated to the account by the legislature.

- (1) Ten percent of legislative appropriations to the Education Savings Account shall be distributed as follows: (a) Fifty percent to the distinguished professorship trust fund under RCW 28B.10.868; (b) seventeen percent to the graduate fellowship trust fund under RCW 28B.10.882; and (c) thirty-three percent to the college faculty awards trust fund under RCW 28B.50.837.
- (2) The remaining moneys in the Education Savings Account may be appropriated for (a) common school construction projects that are eligible for funding from the common school construction account, and (b) technology improvements in the common schools.

**Section 3.** RCW 28A.305.235, as amended by this act, is recodified as a section in Chapter 43.79 RCW.

**Section 4.** On the effective date of this act, the state treasurer shall transfer ten percent of the unappropriated balance of the education savings account, to be distributed as follows: (a) Fifty percent to the distinguished professorship trust fund under RCW 28B.10.868; (b) seventeen percent to the graduate fellowship trust fund under RCW 28B.10.882; and (c) thirty-three percent to the college faculty awards trust fund under RCW 28B.50.837.

### **Related Language in Appropriation Bills**

**Sec. 714. INCENTIVE SAVINGS--FY 2005.** The sum of one hundred million dollars or so much thereof as may be available on June 30, 2005, from the total amount of unspent fiscal year 2004 state general fund appropriations is appropriated for the purposes of RCW 43.79.460 in the manner provided in this section.

(1) Of the total appropriated amount, one-half of that portion that is attributable to incentive savings, not to exceed twenty-five million dollars, is appropriated to the savings incentive account for the purpose of improving the quality, efficiency, and effectiveness of agency services, and credited to the agency that generated the savings.

(2) The remainder of the total amount, not to exceed seventy-five million dollars, is appropriated to the education savings account.

(3) For purposes of this section, the total amount of unspent state general fund appropriations does not include the appropriations made in this section, amounts included in allotment reductions in sections 715, 717, 718, and 724 of this act, or any amounts included in across-the-board allotment reductions under RCW 43.88.110.

WASHINGTON STATE OFFICE OF FINANCIAL MANAGEMENT  
INSURANCE BUILDING ♦ PO BOX 43113  
OLYMPIA, WA 98504-3113 ♦ (360) 902-0555 ♦ FAX (360) 902-0680